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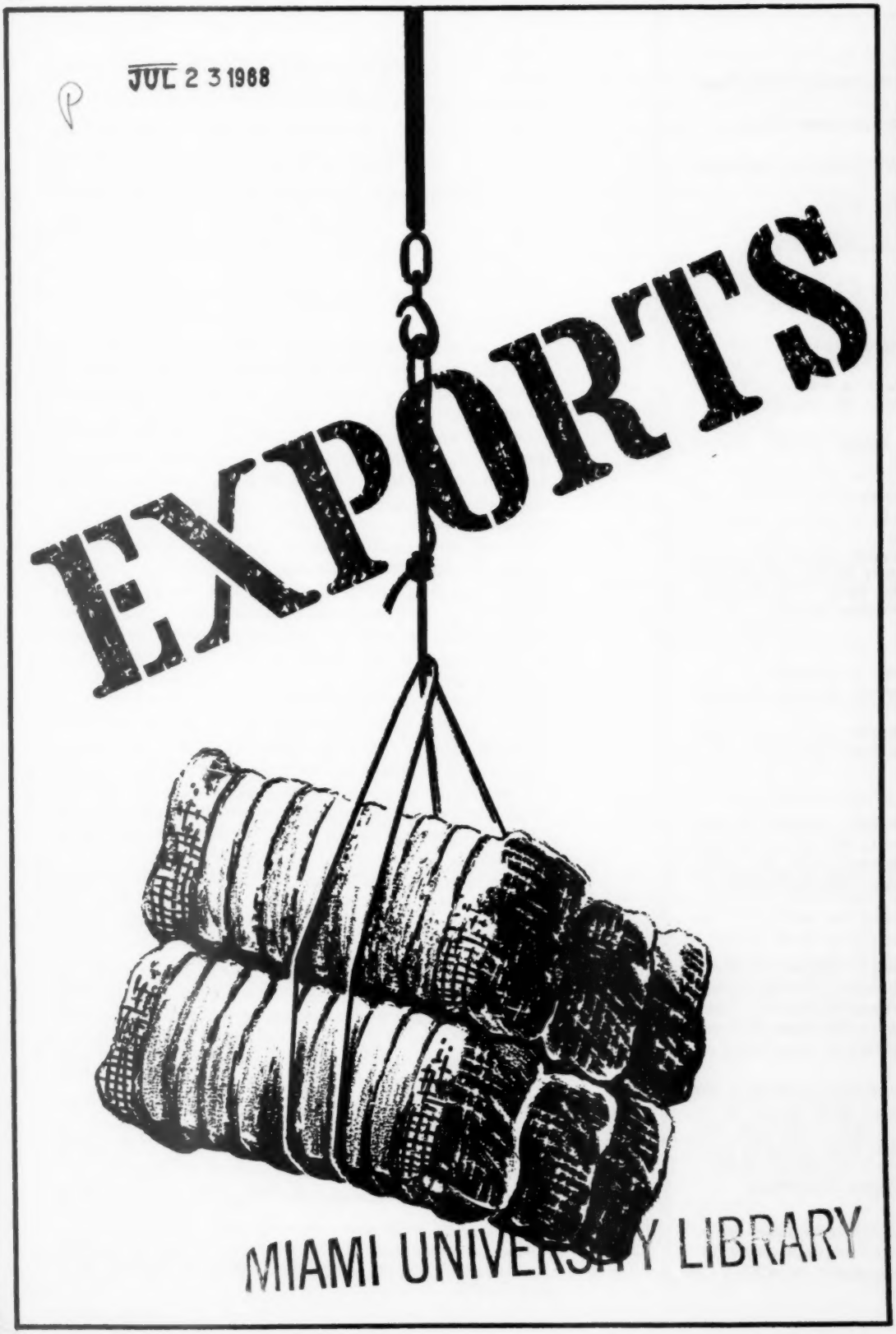

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Secretary Freeman discusses the worldwide liberalization of trade

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:
Exports of agricultural products—from this country and elsewhere—would benefit greatly from lowered import barriers around the world. Secretary Freeman's statement on liberalization this page.

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Liberal Trade Policy B

Protectionist policies abroad and a leaning toward such policies at home could harm future U.S. and world trade in farm products, reports Secretary of Agriculture Orville L. Freeman.

The value of our agricultural exports climbed from $4.5 billion in fiscal year 1960 to a new record of $6.8 billion in fiscal year 1967—a gain of over 50 percent. Exports are continuing at a high level in the current fiscal year.

Most of this gain has been in commercial exports—or sales for dollars. Between 1960 and 1967, exports for dollars rose from $3.2 billion to $5.2 billion—a jump of over 60 percent.

An expanding foreign market for our farm products helps not only farmers, but labor, industry, and the whole nation. Obviously, farmers benefit from an export market that accounts for one-sixth of their total cash marketings.

But American workers also profit. A few years ago, the Labor Department estimated that besides nearly a million farm workers engaged in producing farm products for export, at least another million worked in agriculture-related jobs—truckers, railroaders, warehousemen, processors, ginners, stevedores, and merchant seamen.

U.S. industry gains, too. Railroads, trucklines, elevators, processing plants, cotton gins, port facilities, and steamship lines all reap an expansion of business from our farm exports.

Most important, we're getting valuable balance-of-payments help. In the 7 calendar years 1961-1967, farm-product shipments brought back to the United States a total of almost $33 billion.

What is back of the progress we have made? Two factors have been particularly important.

First, we have had an aggressive market development program.

Our market development program is carried out largely in Western Europe and Japan—our major dollar markets—and it is financed with converted currencies obtained under foreign currency sales agreements. In 1967, all of the government's overseas market development expenditures were met with currencies generated by Public Law 480.

More than 60 nonprofit agricultural trade organizations work with USDA, either under continuing agreements or through special arrangements. All the major agricultural export commodities are now represented in the program.

Participating organizations put substantial funds, manpower,

From an address by Secretary of Agriculture Orville L. Freeman at the Conference on U.S. Trade Policy, Washington, D.C., June 5, 1968.

cy Benefits U.S. Agriculture

and know-how into the program. Government expenditures for market development in 1967 amounted to $13 million. They were matched by industry contributions of substantially the same amount.

A liberal trade policy

and reciprocity from partners

have helped expand exports.

A second major factor has been our continued efforts to improve access for U.S. agricultural products to foreign markets.

We have gained much by following a liberal trade policy ourselves—and insisting on reciprocal treatment from our trading partners. This was done through representations to foreign governments and through participation in the Kennedy Round of trade negotiations with other countries and regional groups such as the European Economic Community.

During the past year, for example, the United Kingdom eliminated restrictions on grapefruit. Denmark, Finland, Norway, and France eliminated restrictions on a number of agricultural products, including canned asparagus, canned fruits and vegetables, and pineapple juice. Japan agreed to liberalize quota restrictions on grapefruit, tomato juice, tobacco, and soybean meal beginning January 1, 1968. Canada eliminated a restriction prohibiting imports of fresh fruits and vegetables in three-quarter bushel baskets and will liberalize restrictions on milling byproducts.

Additional new trading opportunities for U.S. farmers should result from the reduction of barriers to agricultural trade under the Kennedy Round. On the basis of trade coverage, the United States received concessions from its principal negotiating partners on over $860 million of agricultural exports, excluding grains.

This progress is encouraging. We have had access to important foreign markets. We have gained access through our willingness to accept imports—of agricultural as well as industrial products. Our philosophy has been that trade must move on a two-way street.

The essence of trade it seems to me was never better expressed than by Ben Franklin about 200 years ago. Franklin said:

"In transactions of trade it is not to be supposed that . . . what one party gains the other must necessarily lose. . . . If A. has more corn than he can consume, but wants cattle; and B. has more cattle, but wants corn; exchange is gain to each."

This is the kind of trade we believe in—the kind of trade we've been carrying out.

Now, however, it is easy to see storm clouds on the horizon. Healthy two-way trade is being threatened. We are seeing today increasing signs of protectionism in many foreign countries. The European Economic Community has refused to negotiate down the trade-restrictive effects of its variable levy system. The various quota proposals now before the Congress show clearly that this country also has a touch of the protectionist virus.

Clearly, we are at a crossroads. If we stick to our liberal trade principles, our agricultural exports will continue to expand. But if we turn toward protectionism, we run the risk of eventually seeing a disastrous decline in our farm-product export trade.

We cannot have our cake and eat it too. We cannot keep on exporting more and more farm products while cutting down on imports.

The trading world needs to recognize that exchange can be, and should be, "gain to each." In that spirit, our Department people are arguing in all their contacts with foreign officials that the best answer to the growth of protectionism in the United States is for their countries to ease off on their own protectionism. But if we want them to be less protectionist, we've got to ease off on our own protectionism, too. We've got to practice what we preach.

We are the largest agricultural exporter in the world. We have the most to lose in a global protectionist trade war.

Virtually every government uses price and income and other support programs to meet special agricultural problems. We use them too, but cautiously, because they can have severe repercussions on trade.

U.S. controls on production

make an important contribution

to orderly world trade.

We have our support programs. But our system is different from others, in that in many cases we tie payments to acreage reduction. In this manner we prevent price-depressing surpluses. The United States is the only country in the world that has taken on the exceedingly difficult, politically hazardous, yet important task of limiting production. If we didn't do so, there would be a growing world surplus in the grains, cotton, and tobacco with resultant international trade chaos. Yet this major contribution to orderly world trade goes largely unnoticed.

On occasion we have had to use selective import controls. Before instituting controls, however, we apply three pragmatic tests: Is there a clear and present need for additional protection? Does the protective instrument chosen fit the need? Will the benefit to producers outweigh the dollars and cents cost of lost exports?

These were the tests we applied to beef a few years ago and to dairy products last year. In both instances, imports began to flood into the United States. Other importing countries

had tight controls on the quantities of beef and dairy products they would accept.

So we became a prime target for beef and dairy suppliers who were trying to work off their surpluses at our expense.

We took action, not to shut off imports, but to hold imports of beef and dairy products to reasonable levels.

We protected our beef and dairy producers. And we also struck a blow against foreign protectionism, inasmuch as the subsidized imports that we cut off were an outgrowth of protectionist policies. We applied a legal remedy already available to us to solve a specific problem that had developed. We didn't, in a burst of protectionist emotion, put blanket controls on a wide variety of imports that weren't causing us trouble.

Good customers like Japan would react to protectionism in this country by reducing purchases of our goods.

The concept of selective versus blanket action also applies to industrial products. Protectionism on industrial goods will put a damper on our exports of such goods. And it will also cut into our agricultural exports.

Japanese-American trade provides a concrete illustration.

Last year Japan bought $1.8 billion worth of nonagricultural goods from us—plus $865 million worth of farm products. Japan was our best single-country cash customer for farm products. On the other hand, we bought some $3 billion worth of nonagricultural goods from Japan. This was a concrete example of Franklin's point about exchange being "gain to each."

What would happen if we went protectionist and sharply cut back our buying from Japan? There's no doubt about what would happen. Japanese officials told me only a few weeks ago that they would simply have to reduce their purchases of our goods—both industrial and agricultural.

What, then, should be our course for the future?

First, we must continue to seek access to foreign markets through a negotiated liberal trade policy. This means resisting protectionism both at home and abroad.

Second, we should continue our efforts to expand exports of specific products through market development programs in the economically advanced regions and countries.

Third, we should continue to help the less developed countries get on their feet economically with a view to their eventually becoming strong and active trading partners. The large populations and undeveloped resources of these countries make them the world's largest potential market.

Fourth, we must not forget about East-West trade possibilities. I think we must do this for both economic and social reasons. We are interested in more sales—but we are also interested in a better political relationship between East and West. We may not agree entirely with Emerson that, "The greatest meliorator of the world is selfish, huckstering trade," but no one will deny that trade can promote mutual understanding.

Our agricultural exports are making an immense contribution to our balance of payments and our general well-being as a nation.

In addition, these exports and the agriculture that makes them possible exert an immense influence in world affairs.

This influence will grow as world population and incomes rise and demand is strengthened for the food and fiber we can produce with such efficiency.

But trade, ultimately, is the conduit through which the bounty we produce can reach foreign consumers. Fundamental to that trade is the extent to which the world allows comparative advantage to function.

Only as trade in agricultural and industrial products is allowed to flow in a relatively unrestricted manner will the world's people, including ourselves, share, as they should and must, in all the good things that modern science and technology can make available.

Italy's Wheat Prospects

Dry weather, followed by torrential rains, has dispelled Italian hopes for a record-breaking wheat crop. Instead, it looks as if the country will have to settle for a crop somewhat smaller than last year's record 9.55 million tons and well under earlier forecasts of 10 million-11 million.

Italian wheat this year, on an acreage that is 7 percent larger than in 1967, first suffered from drought and hot winds in Puglia, Calabria, Sicily, and Sardinia. As a result of these unfavorable conditions, the durum crop was damaged and output probably reduced by more than a third from the 1967 level.

Then, in early June, the rains came in profusion throughout Italy, bringing damage once again in the south. Although no official forecast has been released on this latest damage, it is believed that the rains will delay harvest and cause a deterioration in crop quality.

While durum production was hit hard, soft wheat held up fairly well, particularly from central Italy northward, until the recent bad weather. A crop of about 8 million tons is unofficially estimated, compared with 7,015,000 in 1967.

Ironically, durum was to be the star performer this year: acreage devoted to it was increased 11 percent compared with only 5 percent for soft wheat. The gain in durum plantings was attributed to better guaranteed returns as a result of government subsidies in accordance with EEC regulations.

Most of the 7-percent gain in total wheat acreage this year —to a level near the recent average of about 10.6 million acres—came at the expense of sugarbeet and forage crops, especially alfalfa. This converted acreage is capable of producing good wheat yields. However, there is still considerable marginal wheat land, yielding no more than 1.5 tons per hectare, from central Italy southward. This is gradually being abandoned or shifted to pasture without significantly affecting overall production.

On the trade side, Italian wheat imports in fiscal 1968 are estimated to be off 20 percent from the previous season's. However, demand for durum imports appears to be building, owing to an overstatement of last year's supplies and the damage to this year's crop. Major Italian millers are already familiar with "Leeds"—a new U.S. durum variety, which is expected to represent about 40 percent of this country's 1968 durum crop. Prospects for sales of U.S. durum wheat to Italy are bright.

International Grains Arrangement in Force

The International Grains Arrangement 1967 (IGA) enters into force July 1, 1968, for a 3-year period. The Arrangement, which consists of two parts—the Wheat Trade Convention and the Food Aid Convention—replaces the 18-year-old International Wheat Agreement (IWA).

As of June 21, 1968, 33 countries and the European Economic Community had signed up to participate in the Wheat Trade Convention. Of these, the memberships of 17 countries had been ratified according to each country's constitutional or institutional procedures, 12 countries and the EEC had filed declarations of provisional application for membership, and 4 countries had filed instruments of accession to the Convention. The countries in each category: Ratification—Australia, Canada, Denmark, Finland, Ireland, Israel, Japan, Korea, Mexico, Norway, Saudi Arabia, South Africa, Sweden, Switzerland, Tunisia, United Kingdom, and the United States; provisional—Argentina, Belgium, Bolivia, Costa Rica, Ecuador, EEC, France, Italy, Luxembourg, Netherlands, Pakistan, Portugal, and West Germany; and accession—Barbados, Libya, Nigeria, and the United Arab Republic.

Also as of June 21, 1968, 17 countries and the EEC had ratified or filed provisional application for membership in the Food Aid Convention. These countries are: Argentina, Australia, Belgium, Canada, Denmark, Finland, France, Italy, Japan, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, and West Germany.

When U.S. participation in the Arrangement was ratified by the U.S. Senate last June 13, Secretary of Agriculture Orville L. Freeman took steps to implement it by putting its minimum wheat export prices into effect immediately.

Secretary Freeman said at that time, "The Senate action means that the United States will be a major participant in applying the provisions of the Arrangement to the world's large and highly valuable trade in wheat. The Arrangement's Wheat Trade Convention will have the effect of improving prices of wheat moving in world trade. This will mean better income for U.S. wheat growers, as well as additional assistance to the U.S. balance of payments."

The Wheat Trade Convention continues international cooperation in world wheat trade which began in 1949 with the first International Wheat Agreement. The new convention provides higher minimum and maximum prices than under the IWA. This reflects partly the rising cost of wheat production. Higher wheat prices in world trade will benefit U.S. producers during the Arrangement's 3-year life, Secretary Freeman said. The convention will also benefit both exporting and importing countries by achieving greater stability in wheat markets and by avoiding wide price swings which are detrimental to both producers and consumers.

The Food Aid Convention, the other part of the Arrangement, will bring developed countries into a coordinated effort on a regular and continuing basis to help relieve the needs of less developed countries.

To help U.S. export prices

According to a U.S. Department of Agriculture statement issued at the time the Arrangement was ratified, "Heavy current U.S. supplies have been reducing U.S. domestic market prices, and the levels of export prices for several wheat classes are below the IGA minimums. The action taken today to implement the price provisions will bring U.S. export prices up to the IGA minimums. Over the long run, the effect of this will be felt in U.S. domestic prices, as the Arrangement's minimum prices provide a definite goal for U.S. prices to move toward."

USDA will continue to keep U.S. wheat prices competitive in world markets while achieving the price objectives of the Arrangement. In instances where U.S. market prices are above world price levels, payments will be made to exporters to enable them to compete in world markets. When U.S. prices are below world price levels based on IGA minimums, USDA will require export certificates (inverse subsidy), the cost of which will be paid by exporters. In effect, the certificate cost quoted will reflect the extent to which U.S. export prices are below the minimums. Ultimately, the certificate costs will be reflected in the prices paid by importers.

Payments in both instances will be fully flexible. As in the past, they will be set and announced daily and will respond immediately to any changes in U.S. and world wheat prices. In view of the action taken by the United States to bring its export prices for wheat up to the minimum levels, where needed, it is expected that other exporting countries will take similar action, thus assuring a continuing competitive position for U.S. wheat in world trade. USDA officials will review price relationships on a day-to-day basis.

To benefit wheat producers' incomes

If the certificate cost paid by exporters amounts to more than the subsidy paid to exporters over the marketing year, the amount in excess will be prorated among wheat producers participating in the wheat program. Thus benefits of the new minimums can be reflected in wheat producers' incomes.

USDA officials noted that the provision authorizing the certificate cost payment by exporters was specifically included in the Food and Agriculture Act of 1965 to provide the mechanism by which the United States could, if need be, maintain U.S. wheat export prices at the world price level. Officials also noted that this provision has been used previously when world prices were above U.S. domestic market prices for soft white wheat at west coast ports in the spring of 1966.

Following are the minimum and maximum prices per bushel for U.S. wheat, basis f.o.b. U.S. Gulf ports, as established in the Arrangement:

	Minimum	Maximum
Dark Northern Spring No. 1, 14-percent protein	$1.83	$2.23
Hard Red Winter No. 2, ordinary protein	1.73	2.13
Western White No. 1	1.68	2.08
Soft Red Winter No. 1	1.60	2.00

The minimum and maximum prices are 6 cents per bushel less for Pacific Northwest ports.

While not directly comparable to the single minimum-maximum price structure under the IWA, the new schedule increases prices by around 20 cents per bushel for U.S. wheats.

A Foreign Agricultural Service publication issued last November, *International Grains Arrangement 1967*, FAS-M-195, contains the official agreement in full, plus an introductory chapter of background material on the Arrangement. Copies of the publication may be obtained from Room 5918-S, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C., 20250.

Venezuela Reaches Self-Sufficiency in Sesame Output

Last year for the first time Venezuela produced enough sesameseed to supply its needs for sesameseed oil, the dominant cooking oil in the country. The 80,542-metric-ton crop —a result of greatly increased acreage and nearly ideal weather—actually exceeded domestic requirements by some 7,000 tons, but the crushing industry absorbed the excess as well as 2,258 tons of imported seed, squashing hopes that some of the crop might be exported.

The Venezuelan Ministry of Agriculture's revised figures on oil production show last year's output of sesameseed oil at 31,578 tons, slightly lower than the 32,035 tons produced in 1966. Considering the 20,000-ton increase in the sesame crop during the same period, the Ministry's figure seems low, and a more realistic estimate would probably approximate 40,000 tons.

Seek new domestic outlets

Now that self-sufficiency in sesame seems assured, interested parties are looking for guaranteed markets for the even larger crops that are expected once yields are brought up from their current low levels. At the present time cooking oil is almost the only outlet—though some is used in margarine—and the amount to be grown each year is determined by the government after consulting with the cooking oil industry as to its needs.

Sesame interests would like to move into the solid vegetable shortening market, presently supplied by imported cottonseed and soybean oils. Although this would fit in very well with the government's policy of import substitution, it would not sit well with the lower classes, whose diets rely heavily on the solid shortening, since replacement of the lower priced imported oils with the more expensive sesame would pull up the shortening price.

Claim costs could drop

People in favor of encouraging unlimited production and use of sesame claim that costs could eventually be brought down through improved yields and modernized distribution. At the same time, however, they are opposed to lowering the sesame support price. Improvement of the distribution system would involve a substantial outlay of capital, which, of course, these interests would have to justify. They would also have to prove that they can produce more than just one bumper crop before the government can consider allowing the price of vegetable oil products to rise by forcing substitution of sesame for imported oils.

During 1967, the support price for sesame continued at $266 per metric ton. However, after quality discounts, the grower probably received only about $240. A recent study estimated the cost of production at $207 per ton, given a yield of about 566 pounds per acre (1966 level) and a planted area per farm of about 125 acres. Sesame cooking oil retails for about $1.04 per liter.

Substitution of domestic sesameseed oil for imported cottonseed and soybean oils would affect trade with the United States in that this country supplies most of Venezuela's imports of both. In January-September of last year, imports of cottonseed oil from the United States amounted to 11,354 metric tons and those of soybean oil to 2,207 tons.

Dispatch from DONNA HERSEY SANDIN
Assistant U.S. Agricultural Attaché, Caracas

EEC Raises Pork Export Subsidy

The European Economic Community has more than doubled its subsidy on export shipments of fresh, chilled, and frozen pork carcasses and half carcasses to four countries it considers promising markets.

The subsidy rate on shipments to Poland, Greece, Portugal, and South Vietnam was raised to $31.50 per 100 kilograms ($14.29 per 100 lb.) from $13.64 per 100 kilograms ($6.19 per 100 lb.). The export subsidy on shipments of whole and half carcasses of pork to other third countries remains unchanged at the $31.50 level in effect since February 27, 1968.

Commission Regulation 426/68 of April 8, 1968, authorizing the increased subsidy on exports to Poland and Greece, states that ". . . exceptional possibilities appear for export . . ." to these two countries and ". . . it is reasonable, therefore, to have recourse to the possibility for differentiation of the subsidy." The increase on shipments to Portugal and South Vietnam was authorized in Commission Regulation 566/68 of May 7, 1968.

EEC pork production was up 9 percent in January-June of this year and is forecast to rise another 5 percent in July-December. With these increases, the export subsidy is likely to be raised again during mid-summer. This could be accomplished in a number of ways, including a further increase in the subsidy on shipments to the above four countries, addition of more countries to the list eligible for the higher subsidy, extension of higher subsidies to pork products in addition to carcasses and half carcasses shipped to the four eligible countries, and extension of higher subsidies to all pork and pork products shipped to additional third countries.

Bank Lends Costa Rica $3 Million

The International Bank for Reconstruction and Development has agreed to lend Costa Rica $3 million for credit to agriculture, the country's most important activity in terms of employment and its contribution to gross domestic product and exports.

Farmers will receive credits for production of beef cattle, bananas, cotton, and pineapples. Since most of the output will be exported, the program will help to strengthen foreign exchange earnings. An increase and diversification in agricultural exports is one of the country's most pressing needs as it is nearly-self-sufficient in most foodstuffs and other farm products. With rich and accessible lands still available for development and proven markets for its products, Costa Rica faces good prospects that agricultural production for export can be increased.

An encouraging beginning has been made in the cattle industry; bananas are in a good position to become the country's No. 1 agricultural export; and pineapple production, started recently on a small scale, shows promise.

The loans will be made for on-farm investments, such as land preparation, fencing, and water facilities, and for breeding cattle, agricultural machinery, and increased cotton-ginning capacity. Internationally recruited technical specialists will assist with the 3-year program.

World's Cotton Crop Smallest in 6 Years

World cotton production in 1967-68 is estimated at 47.1 million bales,[1] the smallest since 1961. This is 1.2 million bales less than the crop of 1966-67 and 6.8 million bales below the 1965-66 record.

For the second consecutive year the reduction from the previous year is mainly in the United States. Both foreign Free World production—estimated at 23.2 million bales—and output in the Communist countries—placed at 16.4 million bales—were up from a year earlier.

World cotton acreage and average yield per acre were also lower in 1967-68 than the year before. Total area allocated to cotton this season is 75.7 million acres, 1.0 million acres fewer than in 1966-67 and down nearly 5.0 million from the 1960-64 average. The average yield of 299 pounds of lint per acre compared with 302 pounds in the preceding season.

Final ginnings of the 1967-68 cotton crop in the United States showed a crop of 7,455,000 bales, the smallest harvest since 1895 and about 2 million bales lower than 1966-67. Area harvested, about 8.0 million acres, was down 1.6 million acres from the previous year and a little over half the 1960-64 average. The average yield this season—447 pounds of lint cotton per acre—is the lowest since the 1961 season and compares with 480 pounds per acre in 1966-67.

Latin American output

Compared with the 1966-67 season, total cotton production in South America is expected to increase in 1967-68, production in Central America and Mexico to decrease.

In South America, in most countries except Brazil cotton crops are about equal to those in 1966-67. The current Brazilian crop is estimated at 2,300,000 bales, an increase of 250,000 bales over last season. The Colombian outturn is placed at 425,000 bales, 25,000 bales more than last season. Peru's production is estimated at about 465,000 bales, a drop of 10,000 bales from last season. The first official estimate of the Argentine crop by the Argentine Department of Agriculture places it at around 320,000 bales, compared with 400,000 bales in 1966-67. This is the smallest harvest since World War II.

Production of cotton in Central America is down for the third consecutive season, 1,010,000 bales compared with 1,051,000 bales in 1966-67. Production declined in El Salvador, Honduras, and Nicaragua, increased in Costa Rica and Guatemala. This year's crop in Mexico is estimated at 2 million bales, 11 percent less than last year and 24 percent below the record 1965-66 crop.

Europe and USSR

European cotton production is estimated at 869,000 bales, a decrease of 86,000 from 1966-67. The sharpest decline is in Spain, where production is put at 300,000 bales, down more than one-fourth from last season. In Greece, production is up for the fourth consecutive season; it is estimated at about 443,000 bales, compared with 404,000 bales a year earlier.

USSR production is expected to be around 9.3 million bales. The crop is about equal to that of the previous year but was produced on fewer acres. Yield this year is calculated at 744 pounds of lint an acre, up 12 pounds an acre from last year.

Sharp drop in African crops

In many of the major producing countries of Africa, cotton production was damaged by adverse weather.

Nigerian production is estimated at 125,000 bales, down nearly 50 percent from 1966-67. In the Republic of South Africa the crop is expected to be 50,000 bales, compared with 70,000 bales in 1966-67. Too much rain late in the growing season cut the 1967-68 output in Uganda to 275,000 bales from around 350,000 bales in the previous season. The Tanzanian crop is placed at 300,000 bales, compared with 360,000 bales a year earlier.

Production in the United Arab Republic, estimated at 2.0 million bales, is 90,000 bales lower than last season. Morocco's crop most of which is the extra-long staple variety, is down to 25,000 bales, a drop of 10,000 bales from 1966-67. Rhodesia's crop is expected to be around 80,000 bales, up from 60,000 last year. The Sudanese crop is likely to be no larger than 900,000 bales, slightly above the 1966-67 level.

Middle East, Asia, Australia

Cotton crops in Turkey, India, Pakistan, and Australia are all at record levels this season.

India's 1967-68 crop is estimated at 5.2 million bales, up from 4.6 million in 1966-67 and equal to the 1963-64 record. Pakistan's record crop is placed at 2,240,000 bales, 140,000 bales above last season.

A record crop of 1.8 million bales is reported in Turkey this season, an increase of 50,000 bales from a year earlier. The Syrian crop is estimated at 550,000 bales, down from 650,000 bales in 1966-67. Australia's expected record production of 140,000 bales compares with 85,000 bales last season and a 1960-64 average of only 17,000 bales.

Mainland China's cotton production is placed at 7.0 million bales, an increase from 6.5 million in 1966-67.

Less extra-long staple

Free World production of extra-long staple cotton in 1967-68 is estimated at around 1.8 million bales, down from 2.0 million bales in 1966-67.

Production in the United Arab Republic is estimated to have declined 59,000 bales from a year earlier. The Sudanese crop, now being harvested, may be as much as 30,000 bales short of last year's crop. Morocco's crop is expected to be down 10,000 bales below last year's. And the Peruvian crop is estimated to be down 65,000 bales from 1966-67. Output of American-Egyptian cotton in the United States this season is placed at 70,000 bales, down from 73,000 bales last season.

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[1] All bales are 480 pounds net weight.

This article is excerpted from a newly published circular *World Cotton Crop Smallest in 6 Years*, available without charge from Foreign Agricultural Service, USDA, Room 5918, Washington, D.C. 20250.

In Turkey, entire families like these pitch into the chores of producing tobacco, with their careful work contributing to the crop's high quality.

Turkey Moves To Control Tobacco Quality

By JOSEPH R. WILLIAMS
U.S. Agricultural Attaché, Ankara

Production of oriental tobacco in Turkey has expanded rapidly in the last few years, but not without undesirable side effects. One of these has been a buildup in the country's tobacco stocks. Another has been greater production of lower quality tobacco—something Turkey cannot afford since its large trade with U.S. cigarette firms is built on a reputation for high quality.

To counter these trends, the Turkish Tobacco Monopoly has called for legislation to curtail production on unsuitable land. This would give the Monopoly, which already has a firm hand in tobacco policy, even greater control over production and supplies of the product.

The proposed tobacco law has been completed by an ad hoc committee of the Grand National Assembly and is now on the Assembly's pending calendar for priority consideration. It calls for a general tobacco policy committee at Cabinet level consisting of the Ministers of Monopoly, Agriculture, Commerce, and Finance. Coordinated by the Ministry of Monopoly, the committee would formulate policy after considering proposals by all segments of the tobacco industry. Authority would be given to the Monopoly to adjust tobacco production according to economic and trade conditions, revise price supports to meet objectives of the committee, and prohibit production on areas unsuitable for production of high-quality tobacco. Technical measures essential to project quality, such as fertilization and irrigation, are also included.

A special school would be set up to train government inspectors, and grade and bale standards would be improved. The new measure would also provide greater protection to producers against merchants and would give the committee authority to establish the auction system of selling tobacco if that system is found adaptable to Turkish tobacco.

Expansion gets out of hand

The beginning of Turkey's tobacco oversupply—and the need for the pending legislation—was in 1964 when the country produced a bumper crop of 175,200 metric tons. To move this huge crop, the government called for an aggressive export program and for reduced tobacco acreages in the succeeding year. Acreage did fall in 1965, and the crop settled back to 132,681 tons. But it soon began to mount again. From 548,000 acres in 1965, area climbed to 702,000 in 1966 and 707,000 in 1967, and production took a similar jump to 166,000 tons in 1967.

But domestic consumption for the period remained constant at about 42,000 tons, and exports failed to live up to expectations moving in a narrow range of 80,000-90,000 tons. Thus, by December 31, 1967, ending stocks had increased to an estimated 146,785 tons from 109,356 in December 1965.

Compounding the surplus problem, a high percentage of the increased production has come from lowland and irrigated areas that are unsuitable for production of tobacco meeting the high flavor and aroma standards of traditional Turkish tobacco.

The growers' market

With the new tobacco law, however, Turkey should be able to correct this situation, for even now the Tobacco Monopoly, through its market operations, can greatly influence the size of the crop. A look at that market shows it is certainly different from the American system. Unlike our system, where the stabilization cooperatives become buyers by default, the Monopoly not only sets the minimum prices, but also influences the trend of the market by a variation in the pace of buying. This is how it works:

By law, the State Monopoly Administration is charged with controlling production of tobacco from the seedbed to the marketing of the final production, with the exception of disease control, which is vested in the Ministry of Agriculture. Farmers are required to get permits for production, and within 15 days after transplanting, they must file with the Monopoly written statements setting forth location, boundaries, dimensions, and place where tobacco will be cured. The Monopoly then issues to each farmer a cultivation control card. Each year, a representative of the Monopoly, accompanied by two authorized persons, makes estimates of production and yields for each farm and enters these estimates

on the control card. After harvest, the farmer carefully grades his tobacco and places it in bales.

In the Aegean region, which is the major producing area and source of more than 90 percent of U.S. companies' purchases, the tobacco is classified primarily into three grades: American, "B," and Kapa; while in Marmara and the Black Sea regions six grades are used. Prior to the opening of the market, Monopoly graders inspect, grade, and estimate total production of each producer's tobacco; from this information, the central office determines the Monopoly's confidential guaranteed price for the producer's entire crop.

In addition to the Monopoly, there are four groups of buyers operating on the market. These are:

- Small- and large-scale buyers who purchase primarily for foreign companies on order;
- Representatives for foreign companies who also buy on their own behalf;
- Free buyers—they buy completely independently;
- Small-scale local buyers, purchasing for resale or on a commission basis.

Like the Monopoly, all of these buying companies follow closely the development of the crop on an individual producer basis and also calculate and have available a competitive offer for each farmer's crop. All buyers are registered by the Chamber of Commerce and approved by the Ministry of Monopoly. They maintain representatives during production and marketing seasons at all buying stations and throughout the year may remit to farmers "earnest money" in exchange for purchase priority. These advances are by written contract and registered with the Monopoly.

The market's opening day

Authority for establishing markets and setting opening dates is vested exclusively in the Tobacco Monopoly. As a convenience to farmers, markets are established in the largest towns and villages of the major producing areas.

At a preannounced date and hour, the Monopoly opens the market with a formal ceremony after which producers are called to step forward to receive the Monopoly offer. If the offer is acceptable, the farmer confirms the sale. If unsatisfactory, he begins the round of the buying offices, seeking a higher offer. Some farmers go directly to dealers before obtaining the Monopoly offer.

As in America, opening day is the highlight of the year; the farmer and his entire family visit the market, anxiously awaiting some indication of prices and returns from their year's work. The pace of the market is determined by the rapidity in which the Monopoly draws the producer names. The rate may vary from 10 to 50 names per hour, depending upon the desire of the Monopoly to buy a small or large percentage of the crop; it is also influenced by the degree to which private buying action is in conformity with Monopoly objectives. Upon confirmation of a sale, an advance is made to the farmer with the remainder due when tobacco is delivered for manipulation.

Final buyers of this marketed tobacco, excluding the

Some steps in Turkish tobacco output (counterclockwise from left): Farmers plant tobacco beds; they transplant the tobacco by hand; and, finally, they await opening of Aegean market—the big event of their working year.

42,000 tons or so held back for domestic use, are the foreign companies and countries. As a result, the export market for tobacco has become an important part of Turkey's economy. In 1967, tobacco accounted for over $100 million of the $470 million of agricultural exports, and only during the past 2 years has it been replaced by cotton as the No. 1 foreign exchange earner.

Where the exports go

In 1966-67, the tobacco export was divided up as follows: The dollar area, 63.2 percent; the European Monetary Agreement countries,[1] 17.0 with 13.8 going to the EEC; bilateral agreement countries, 15.8; and other countries, 4.0.

Accounting for far the largest amount of this total trade is the United States, which since development of the Turkish-American blend in 1908 has played a major role in expanding the Turkish tobacco industry. American companies in the market have many officials who have spent most of their lives in Turkey, and these officials have fully integrated themselves into the economic, social, and cultural structure of the country.

These firms have purchased the following percentages of Turkish tobacco entering world trade: 64 percent in 1964, 63 in 1965, 58 in 1966, and 62 in 1967. In fiscal 1967, they purchased $66.3 million of tobacco at an average price of $1.35 per kilogram.

As an associate member of the European Economic Community, Turkey also has preferential-tariff-rate quotas to EEC countries as follows:

	Metric tons
Benelux	2,000
West Germany	10,565
Netherlands	1,000
France	2,550
Italy	1,500
Total	17,615

Although these quotas have been increased from 12,500 in 1965, only Germany has consistently purchased its quota. In addition to dollar and European markets, Turkey in recent years has greatly increased its tobacco exports to Japan and bilateral agreement countries in Eastern Europe. Bilateral tobacco quotas for the agreement countries in 1967-68 are as follows:

Country	Aegean region	Other regions	Total
	Metric tons	*Metric tons*	*Metric tons*
East Germany	1,500	1,000	2,500
Czechoslovakia	1,320	880	2,200
Hungary	2,280	1,520	3,800
Poland	1,500	1,000	2,500
USSR	1,800	1,200	3,000
Israel	600	400	1,000
Egypt	600	400	1,000
Total	9,600	6,400	16,000

The proposed tobacco legislation will probably not be adopted prior to transplanting time, but the planted area this year may still be 10-15 percent less than in 1967. So far, no blue mold has been reported as farmers have been spraying their seedlings since February 25, 1968. Field preparations have started in the Aegean region, and there are some indications that reduced acreages will be planted in bottom and irrigated lands as a result of the Monopoly's pricing policies in 1967.

The long-range tobacco program, as projected by the Monopoly and the tobacco industry, generally will put primary emphasis on quality. Domestic consumption will increase only with increased population and consumer incomes, so export markets must continue to take the bulk of production. There is, however, growing awareness that although Turkey is the largest producer of oriental tobacco, it does not hold an exclusive franchise. It must be competitive in both quality and price if the export market is to expand.

As to the makeup of this market, Turkey intends to remain the No. 1 source for the United States. At the same time, it will work to increase quotas into the EEC at reduced duties and to expand tobacco exports through bilateral agreements. Market promotion will be increased in EFTA countries and Japan. And if the political climate continues to improve between Turkey and Greece, attempts will probably be made to coordinate production and pricing policies among Turkey, Greece, Bulgaria, Yugoslavia, and possibly other oriental tobacco producers.

[1] The EEC plus Austria, Denmark, the United Kingdom, Switzerland, Norway, Tunisia, Algeria, Portugal, and Spain.

EEC Fruit and Vegetable Rules

The European Economic Community on June 30, 1968, imposed new labeling requirements for fresh fruits and vegetables originating in the United States and other countries.

Regulation 158/66 of the European Economic Community Council covers the following products: Apples, apricots, artichokes, beans, carrots, cauliflower, cherries, chicory, citrus, endive, table grapes, lettuce, onions, peas, pears, plums, spinach, strawberries, and tomatoes.

As applied to U.S. exports to Common Market countries, the Council Regulation requires packages of these products to be marked with the following information:

- The country of origin.
- The variety of the fruit or vegetable. The Council Regulation states that the variety must be identified if the ECE (Economic Commission for Europe) standards require it. Products in all instances falling under this requirement are: Apples, apricots, cherries, table grapes, oranges, pears, and plums. For information on other products covered by the Council Regulation write the Fruit and Vegetable Division, Consumer and Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250.
- The quality class, which means the ECE grade. The Council Regulation indicates that packages may be marked with the ECE grade in the country of origin, by the importer on arrival, or by the first buyer under control of the competent authority of the importing country. C&MS officials suggest that exporters consult with their importers regarding the most appropriate point for marking the ECE quality grade on containers.

Exporters of apples, pears, and Emperor grapes must also comply with the appropriate U.S. export acts. The Export Apple and Pear Act requires the U.S. or State grade mark on packages, and the Export Grape and Plum Act requires that containers of Emperor grapes be marked as to grade.

Danes Boost Their Foods in Britain As Part of Big Promotional Effort

By WILLIAM L. SCHOLZ
Assistant U.S. Agricultural Attaché
London

Recognizing the British as traditionally their best customers, the Danes launched a spring and summer promotion in Britain this year through which they hope to capture an even greater share of the British market for their foods and other products.

Denmark has long been a heavy advertiser in Britain through trade fairs, in-store promotions, and the operation of a trade center in London. This, their largest promotional effort, marks the abolition of all tariffs between Great Britain and Denmark under the European Free Trade Area agreement. But Britain's purchases from Denmark were already large, and food items were dominant among them. In 1966, Britain bought £197 million worth ($472.8 million) of Danish goods, 80 percent of which were foods—mostly butter and bacon.

The major events in the Danes' 1968 British campaign were an "At Home With the Danes" exhibition in London's Battersea Park and a concurrent tie-in with 8,000 stores in a 30-mile radius. The exhibition, a big success, is now being repeated in Glasgow and will be shown next fall in Manchester.

"At Home With the Danes"

Nearly a year's planning by the director of the Danish Agricultural Producers was involved in staging the Battersea Park exhibition. On the southern shore of the Thames River, five domes covered with translucent plastic were constructed at a cost of about $168,000—a restaurant dome seating 275 persons; a "holiday dome," with a travel center and gift shop; a "dome of design," with furniture, textiles, silver, and other applied arts for homemaking; and two "domes of good food," featuring a room for demonstrations of Danish bacon-handling methods and a cookery theater starring cookery with an Anglo-Danish flavor. Other exhibits included a prefabricated Danish bungalow, several of the refrigerated container vans that carry Danish bacon to Britain, and a full-scale replica of a Viking ship manned by Danish boy scouts.

During the first 2 weeks, the exhibition had 80,000 visitors, capacity sales in the restaurant, and—despite poor weather—people waiting in line for hours to view the displays.

The accent of the exhibition is on food, with bacon, butter, canned meats, and other Danish specialties for sale. Part of the thrust of this promotion is its highlighting of two-way trade. Faced with devaluation and balance of payments problems, the U.K. Board of Trade has been encouraging a "Buy British" campaign at home. The Danes, however, have stressed that "Danish food on British tables means British cars on Danish roads."

Exhibition material indicates that while Denmark's population is only a tenth that of the United Kingdom, Danes spend two-thirds as much on British goods as the British do on Danish goods. Other figures quoted indicate that the Danes spend £30 per person per year on products from Britain, while the average Briton spends only £4 per year on products from Denmark. And at the same time that the Danes are "At Home" in Britain, the British Export Council for Europe and the Board of Trade are carrying on a promotion for British products in several Danish cities.

Heavy advertising program

A broad promotional program was aimed at the food trade through leading food trade journals; spot announcements on six commercial television channels; posters in 300 London buses; advertisements in two national Sunday supplements and in Britain's *Good Housekeeping* magazine; and flags, posters, and display materials in leading stores.

Associated with the exhibition was a Danish Food Festival in which about 8,000 food retailers within 30 miles of Battersea Park participated. They were supplied with point-of-sale materials and complimentary customer tickets, invited to attend a preview on one of the two Trade Days, and encouraged to enter a contest offering 20 prizes of week-long Danish holidays in return for answers to six simple questions about Danish food exports to Britain.

The Danish promotion opened in Glasgow on June 17 and will run until July 14; and it will also be repeated in Manchester, September 9 to October 12.

A perky leaflet listed the program of events for the London showing of "Denmark in Britain '68." The front cover shows a British bobby; the back cover, a Danish schoolgirl. Both are flying the red and white of the Danish flag—he on the left-hand handlebar of his proud moustachio, and she on the ribbon that is tying her left-hand pigtail.

U.S. Farm Trade Mission Visiting Eastern Europe

Just completing its visit to five countries of Eastern Europe is a U.S. agricultural trade mission dispatched there June 17-July 1 by Secretary of Agriculture Orville L. Freeman.

Purpose of the mission was to help develop U.S. agricultural trade relations with the five countries—Yugoslavia, Romania, Poland, Hungary, and Czechoslovakia. In 1967, their farm imports from the United States totaled $118.5 million and included soybeans and meal, feedgrains, tobacco, cotton, and cattle hides. That same year, U.S. farm imports from them added up to $78 million.

The East European trade mission was a continuation of the Secretary's trade team program. Under this program, teams of experts selected from government, business, commodity groups, farm organizations, and educational institutions are sent to areas that are important purchasers of farm products from the United States or have good potential for becoming such purchasers. In recent months, nine similar missions have been sent to Western Europe, the Far East, the Middle East, and Latin America.

For its task, the mission was divided into two groups, each visiting two countries, then combining to visit a fifth and final country.

Group I was composed of Henry Hall Wilson, Jr., president, Chicago Board of Trade, co-leader; Grover C. Chappell, Staff Economists Group, USDA; and John R. Wenmohs, FAS, USDA. Its itinerary read: Yugoslavia, June 18-21; Romania, June 22-25; Czechoslovakia, June 26-29 (with Group II).

Group II's members were Roy F. Hendrickson, Executive Secretary, National Federation of Grain Cooperatives, Washington, D. C., co-leader; Joseph Hajda, director, Office of International Activities, Kansas State University, Manhattan, Kansas; and John D. Palmer, president, Tobacco Associates, Inc., Washington, D.C. It was scheduled to visit Poland June 18-22 and Hungary June 22-25 and then join Group I in Czechoslovakia June 26-29.

Container to Japan

At right, Tokyo dockworkers unload a container van full of U.S. frozen poultry, just in from California. Moved by refrigerated truck from Atlanta, Ga., the poultry was loaded into the van at Wilmington, Calif. It is reported to have arrived in fine condition.

This shipment is part of a study on containerized transportation, in which the Matson Lines and Gold Kist Poultry Co. of Atlanta are cooperating with the U.S. Department of Agriculture's Agricultural Research Service and Foreign Agricultural Service and the Institute of American Poultry Industries.

Hides Group Convenes

The 24th midyear meeting of the National Hide Association in New York was marked by a lively interest in exports, both of U.S. hides and U.S. technology. This interest generated a considerable number of discussions between audience and speakers.

The agenda featured addresses by several experts in hide technology. One was Dr. Robert Stubbings, Milwaukee School of Engineering, who discussed the handling of pickled hides at the packer plant level. Another—Dan Rosiak, Drew Chemical Co., Boonton, N.J.—outlined the progress made in research on microbiological control for the hide industry, particularly on hide curing. Carrol A. Stehling, vice president, Chas. H. Stehling Co., Milwaukee, Wis., described the worldwide use of U.S.-made hide fleshing and demanuring machines, hide washers, and portable wringers. One country that has bought 25 or more of these integrated machines is the USSR.

Competition and trade also received attention. The world hide situation was reviewed by Myrtis Byrnes, commodity specialist, U.S. Department of Commerce, while Ivan Johnson, FAS livestock marketing specialist, presented the outlook for U.S. hide exports and the role of the Foreign Agricultural Service in market development.

Philippine Cattlemen Buy U.S. Beef Breeds

Below are two of 75 purebred American Brahman cattle recently imported by the South Davao Development Co. These are among the registered U.S. cattle being bought to improve and expand Philippine beef herds. Shown inspecting them are Maurice Nubla, Cattlemen's Federation, and Fred Traeger, U.S. Agricultural Attache, Manila, who together made arrangements for a tour of the U.S. beef industry that has just been completed by a Philippine livestock mission.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between June 11 and June 18 there were considerable changes in offer prices of U.S. wheat in Rotterdam, because of export price adjustments following U.S. Senate approval of the International Grains Arrangement on June 13. U.S. Soft Red Winter increased 24 cents and Dark Northern Spring 9 cents. Canadian Manitoba increased 1 cent, while Russian and Argentine wheat prices remained the same.

South African corn decreased 1 cent, and U.S. and Argentine prices remained unchanged.

A listing of the prices follows.

Item	Week ending		A year ago
	June 18	June 11	
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.03	2.19
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.99	1.90	2.09
U.S. No. 2 Hard Winter, 12 percent	(1)	1.79	1.97
Argentine	1.90	1.90	(1)
U.S. No. 2 Soft Red Winter	1.73	1.49	1.79
Corn:			
U.S. No. 3 Yellow	1.32	1.32	1.56
Argentine Plate	1.51	1.51	1.56
South African White	1.49	1.50	1.63

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

New Zealand's Wheat Price

Basic prices for 1969-crop wheat in New Zealand will remain at the level guaranteed in 1968: $1.45 per bushel in South Island and $1.65 in North Island, free on rail, grower's nearest station. A premium of 20 cents per bushel will be paid for the Hilgendorf variety.

From these rates the Wheat Board will retain 20 cents per bushel to cover marketing losses and costs of handling and storing surpluses from the 1969 crop. Growers have agreed to stand extra costs if a surplus over domestic requirements should result.

Brazilian Cotton Crop Increases Sharply

The 1967-68 Brazilian cotton crop is now estimated at 2,600,000 bales (480-lb. net), a record crop well above the 2,050,000 produced in the 1966-67 season and slightly above the previous record harvest of 2,525,000 bales in 1961-62. Aggregate acreage harvested is placed at around 5.6 million acres this season, compared with around 5.0 million in 1966-67. An increase in aggregate acreage and production is likely for the 1968-69 season.

Most of the increase in the current season is in the southern region, where the cotton harvest is now in its final stages. The southern crop is estimated at 1.8 million bales, an increase of about 40 percent from the harvest in 1966-67. The record crop is attributed to higher yields and increased acreage. The higher yields resulted from favorable weather conditions and effective insect control programs. Acreage planted to cotton this season is estimated at 2,250,000 acres, up about one-third from the 1966-67 season.

Cotton production in northern Brazil is estimated at around 800,000 bales for the current season, not much changed from 1966-67. Harvesting of the 1968-69 crop in the northern region will begin within the next 2 months.

Brazilian cotton exports during the current season are expected to approximate the 1,014,000 bales exported during the 1966-67 year. During the first 5 months (August-December) of the current marketing year, cotton exports totaled 319,000 bales, compared with 528,000 exported during the same timespan in 1966-67. Exports to major destinations during this period, with figures in parentheses for the same time period in 1966-67, were: West Germany 103,000 bales (95,000); Netherlands 46,000 (54,000); Japan 21,000 (57,000); South Africa 19,000 (36,000); Bulgaria 19,000 (none); France 16,000 (35,000); United Kingdom 14,000 (22,000); Hong Kong 12,000 (63,000); and Belgium 12,000 (25,000). Due to the large crop in southern Brazil, a substantial amount of the cotton will be carried in stocks on August 1, 1968. Shipments from this region should be heavy during the next several months.

Domestic consumption of cotton during the 1967-68 year is estimated at 1,300,000 bales, compared with the 1,250,000 consumed a year earlier.

Uruguay's Cotton Industry Improves

Activity in Uruguay's cotton textile industry is believed to have improved in the current season because of a leveling off of prices for cotton goods and an increased local and tourist demand.

During the 1966-67 marketing year (August-July), Uruguay's textile industry was affected by rapid increases in retail market prices of cotton goods during a period of across-the-board inflation. The resultant effect was a decreased local and tourist demand for cotton goods. Normally, large numbers of tourists from Argentina and Brazil travel to Montevideo and Punta del Este for the sole purpose of purchasing cotton textiles and woolen goods.

Uruguay's imports of raw cotton during the 1966-67 season totaled 26,000 bales (480 lb. net), a decrease of 26 percent from the 35,000 bales imported a year earlier. Cotton consumption during the 1966-67 period fell to 28,000 bales from around 40,000 in the previous season. Imports in 1967-68 are forecast at 30,000 bales.

The major suppliers of raw cotton to Uruguay during the 1966-67 season with quantities supplied (1965-66 figures in parentheses) were: Mexico 9,000 bales (9,000); Paraguay 8,000 (17,000); Brazil 5,000 (1,000); and Peru 4,000 (8,000). Before the formation of LAFTA in 1961, a major

proportion of Uruguay's raw cotton was imported from the United States. For example in 1960-61, approximately 73 percent of Uruguay's raw cotton imports came from the United States.

Uruguay's 1967-68 cotton crop is estimated at 2,000 bales. During the 1966-67 season, Uruguay's cotton crop totaled only 1,000 bales, a decrease of 50 percent from that produced in both the two previous seasons. The decrease during the 1966-67 period is attributed to heavy rains during the planting months which kept farmers from planting and also washed away some of the early plantings.

French Apply New Import Tax on Pork

Effective June 5, 1968, the European Commission authorized France to levy an import tax for an unspecified period on live hogs and pig meat from all sources, including the other member countries of EEC.

The new import tax is equivalent to 2.02 U.S. cents per pound on live hogs, pork carcasses (whole or halves), all types of bacon, and pork fat. Coefficients are used to calculate the import tax on other cuts and pieces of pork. This tax is in addition to the regular import levy and the 6 percent added value import tax. Continued large imports had impeded the intervention mechanism in stabilizing prices and led to the introduction of this new import tax.

Ivory Coast Pineapple Production Up

An estimated 100,000 short tons of pineapple was produced in the Ivory Coast in 1967, 50 percent above the 1966 level of 67,000 tons and four times the tonnage produced in 1960. Approximately 85 percent of the 1967 output was utilized in pineapple products for export distribution, with the bulk of the remaining production exported in fresh form to France.

Exports of canned pineapple followed the upward trend in production, registering an alltime high of 26,630 tons in 1967, 27 percent above the 1966 export volume. Pineapple juice exports totaled 9,180 tons, up to 6 percent from those of a year earlier. Over 90 percent of these exports of pineapple products moved to member countries of the European Economic Community, primarily to France. The Ivory Coast, as an Associated African State of the EEC, is accorded preferential tariff treatment in EEC markets compared with third (nonmember) countries.

PINEAPPLE EXPORTS FROM THE IVORY COAST

Year	Fresh	Canned	Juice
	Short tons	*Short tons*	*Short tons*
1963	3,147	8,627	6,533
1964	4,641	11,846	8,008
1965	5,061	14,198	8,613
1966	7,539	21,031	8,688
1967	11,009	26,630	9,180

Aid to Sierra Leone Oil Palm Growers

The Government of Sierra Leone recently signed an agreement with the World Bank for financial and technical assistance in developing new oil palm nurseries and plantations. Palm kernels are the country's major agricultural export crop and are second only to iron ore as a foreign exchange earner. Most are now harvested from wild palm trees.

Exports of palm kernels in 1967 declined sharply to 21,500 tons, 61 percent below the 54,700 exported in the previous year. The reduction was due to the inability of the Produce Marketing Board to pay for palm kernels delivered by producers and harvesters. The board is the monopoly buyer and seller of agricultural export crops.

During 1967, the board found itself in serious financial difficulties brought on by the overexpansion of its plantation and processing program undertaken in 1964-66, and abandoned its large-scale program.

Following an investigation into the board's financial status, the government agreed to assume all unpaid obligations, which totaled several million dollars. Later in the year the government authorized the board to increase buying prices and to grant cash premiums as well. Purchases of palm kernels during 1968 are now expected to return to the level of previous years.

Japan's Tobacco Trade Slows

Japan's imports of unmanufactured tobacco were 62 million pounds in 1967, compared with 71 million pounds in 1966. An adjustment to the 18-million-pound buildup of stocks of U.S. leaf during 1966 and the Rhodesian trade embargo accounted for the 9-million-pound drop in imports.

Supplies of U.S. leaf amounting to 40.5 million pounds were imported in 1967, compared with 47.5 million in 1966. The U.S. share of the market also declined from the 1966 level—from 67 percent to 65 percent in 1967.

Japan somewhat offset the normal supply from Rhodesia by importing 2.9 million pounds of flue-cured from India and by a 2.2-million-pound increase in imports of oriental leaf.

Japanese exports of leaf showed a 38-percent decrease in 1967 when 12 million pounds were shipped, compared with

JAPAN'S UNMANUFACTURED TOBACCO IMPORTS

Origin	1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	27,507	47,452	40,503
Greece	6,528	3,364	5,271
Turkey	331	5,472	4,883
India	1,704	3,051	5,891
Rhodesia	14,116	6,861	—
Thailand	2,996	3,254	3,307
Yugoslavia	331	650	796
Bulgaria	110	661	1,100
Philippines	—	123	485
Others	—	60	60
Total	53,623	70,948	62,296

JAPAN'S UNMANUFACTURED TOBACCO EXPORTS

Destination	1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Germany, West	10,697	14,826	7,432
Ryukyu Islands	3,708	3,409	3,077
Belgium	564	656	284
Austria	267	653	625
Egypt	270	301	—
Netherlands	254	93	64
United Kingdom	4	5	519
Australia	—	4	22
Hong Kong	805	—	223
Others	—	51	163
Total	16,569	19,998	12,409

20 million in 1966. West Germany, Japan's best market with 7 million pounds, took 50 percent less leaf in 1967 than in 1966. The United Kingdom came into the market for 519,000 pounds of flue-cured, and exports to the Ryukyu Islands and the Netherlands continued the downward trend of recent years.

Argentine Cigarette Sales Mount

Cigarette sales in Argentina in 1967 totaled about 24.8 billion pieces, compared with 24.2 billion in 1966. Further increases are expected in 1968. The trend toward brands containing light cigarette tobaccos continued last year, with sales of those brands accounting for 60 percent of the total, against 55 percent in 1966. Filter-tipped brands represented 68 percent of total consumption in 1967, compared with 60 percent in 1966.

Tobacco Consumption Increases in Morocco

Morocco's leaf tobacco imports rose last year to 9.9 million pounds, from 9.4 million in 1966. Brazil and the Dominican Republic supplied well over half of Moroccan purchases in 1967.

Imports of cigarettes also were larger than in 1966. The total was 138.7 million pieces, of which the United States supplied 100.5 million—72 percent of the total.

Production of cigarettes and cut tobacco in Morocco rose last year, while output of cigars and snuff declined. About 4.1 billion cigarettes were made in Moroccan factories, compared with 3.3 billion in 1966, an increase of 26 percent.

MOROCCO'S TOBACCO IMPORTS

Origin	1966	1967
	1,000 pounds	*1,000 pounds*
Brazil	1,958	3,268
Dominican Republic	1,997	2,645
Colombia	772	1,323
India	609	661
Indonesia	904	528
Philippines	850	507
United States	797	467
Cameroon	—	403
Cuba	882	—
Others	645	133
Total	9,414	9,935

Record South African Tobacco Exports

Exports of tobacco from the Republic of South Africa set a record in the year ended November 30, 1967. At 23 million pounds, they were nearly 50 percent larger than the 16.4 million exported in the previous 12 months. Flue-cured made up 68 percent of the total in 1967, with light air-cured accounting for the remainder. The breakdown by export destinations is not yet availabe.

Argentine Tobacco Exports Rose in 1967

Argentina's tobacco exports rose last year, with French purchases providing most of the impetus. Of the 23.5-million-pound total, France took 17.7 million or 75 percent. Other principal markets for Argentine leaf last year were West Germany, the United States, Chile, Uruguay, and Switzerland.

Most of the exports consisted of native-type dark air-cured tobaccos. However, exports of flue-cured, which were shipped mainly to West Germany, totaled 4.3 million pounds, at an average export price of 32 U.S. cents per pound. About 660,000 pounds of flue-cured moved to the United States at an average price of 16 U.S. cents per pound.

ARGENTINE TOBACCO EXPORTS

Destination	1966	1967	Av. price of 1967 exports
	1,000 pounds	*1,000 pounds*	*U.S. cents per pound*
France	12,297	17,739	15.5
Germany, West	3,746	3,218	36.0
United States	111	779	15.1
Chile	187	463	57.7
Uruguay	834	346	25.8
Switzerland	302	311	26.0
Belgium	316	267	13.7
Canary Islands	—	220	15.5
Other	765	131	—
Total	18,558	23,474	19.4

Austria's Tobacco Imports Dip

Austria's imports of unmanufactured tobacco in 1967, at 25.8 million pounds, were 7 percent down from the 27.7-million-pound total of 1966. Smaller purchases from the United States and Greece, plus the disappearance of Rhodesia as a supplier, caused the decline. Bulgaria was the biggest source of Austrian tobacco imports last year, displacing the United States, which was the largest source of imports in both 1965 and 1966.

AUSTRIAN TOBACCO IMPORTS

Origin	1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Bulgaria	3,749	4,617	5,043
United States	5,369	5,566	4,452
Germany, West [1]	2,827	2,250	3,212
Poland	1,475	1,937	2,233
Greece	2,139	2,301	1,862
China, Mainland	....	592	1,713
Philippines	1,970	438	1,701
Romania	....	55	1,206
Thailand	....	222	694
Japan	286	653	625
Brazil	477	900	563
Germany, East	....	....	399
Indonesia	71	422	326
Hungary	646	720	315
Taiwan	351	95	287
Yugoslavia	441	558	267
India	148	....	243
Rhodesia, Malawi	5,030	2,796	....
Others	1,955	3,601	650
Total	26,934	27,723	25,791

[1] Mainly re-exports.

Tobacco Production in Uganda To Expand

With the success of the West Nile scheme for flue-cured and with weather conditions improving tobacco production in Uganda is expected to rise substantially in the next few years.

Production of flue-cured set records in 1966 and 1967, and estimates for 1968 show a 50-percent increase over 1967 to 5.5 million pounds.

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Most of the production increase is a result of the shift from fire-cured to flue-cured production. The Uganda Government is encouraging this shift in an attempt to promote exports of this cigarette-type leaf.

Italy a Net Tobacco Importer in 1967

Italy's imports of leaf tobacco rose last year while exports remained at about the 1966 level. Imports totaled 22.7 million pounds and exports 14.8 million. In 1966 imports were 14.4 million and exports, 14.5 million.

The United States was the biggest supplier of tobacco to Italy last year, with Greece in second position. Exports of Italian leaf went mainly to West Germany, which took 73 percent of the total.

ITALY'S TOBACCO TRADE

Origin or destination	Imports		Exports	
	1966	1967	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	4,167	6,841	862	....
Greece	4,515	5,874	....	....
Switzerland	2,067	3,774	993	1,404
Turkey	924	3,065	....	....
Bulgaria	1,178	1,183	....	....
Germany, West	....	....	10,678	10,883
Netherlands	....	....	1,520	1,620
Germany, East	....	....	....	454
Others	1,559	1,990	416	471
Total	14,410	22,727	14,469	14,832

Central Institute of Statistics.

Brazil Grows More Cigarette Tobacco

The 1968 harvest of cigarette tobaccos in Brazil is expected to reach 186 million pounds, compared with 174 million last year. Flue-cured production this year may total 133 million pounds, compared with 132 million a year ago. The burley crop is expected to increase sharply to about 16 million pounds from 6 million a year ago, and native light air-cured to 37 million from 35 million.

No data on production of Bahia cigar tobaccos this year are available at this time.

Argentine Leaf Output Drops

Because of a reduction in planted area and unfavorable weather in major producing zones, Argentina's tobacco harvest this year will not be as large as the record 1967 harvest of 139 million pounds. Most of the decline in production will be recorded for native type dark air-cured leaf, which accounts for roughly two-thirds of total production.

The burley crop may be only about half as large as the 6 million pounds harvested in 1967. However, output of flue-cured this year is expected to reach 40 million pounds, compared with 34.8 million last year.

Correction: June 24, 1968, page 6, *New High Scored by World Meat Producers in 1967*, the word *million* should read *billion*, in col. 1, lines 21, 22, 24, 26 and in col. 2, lines 3, 10, 11.

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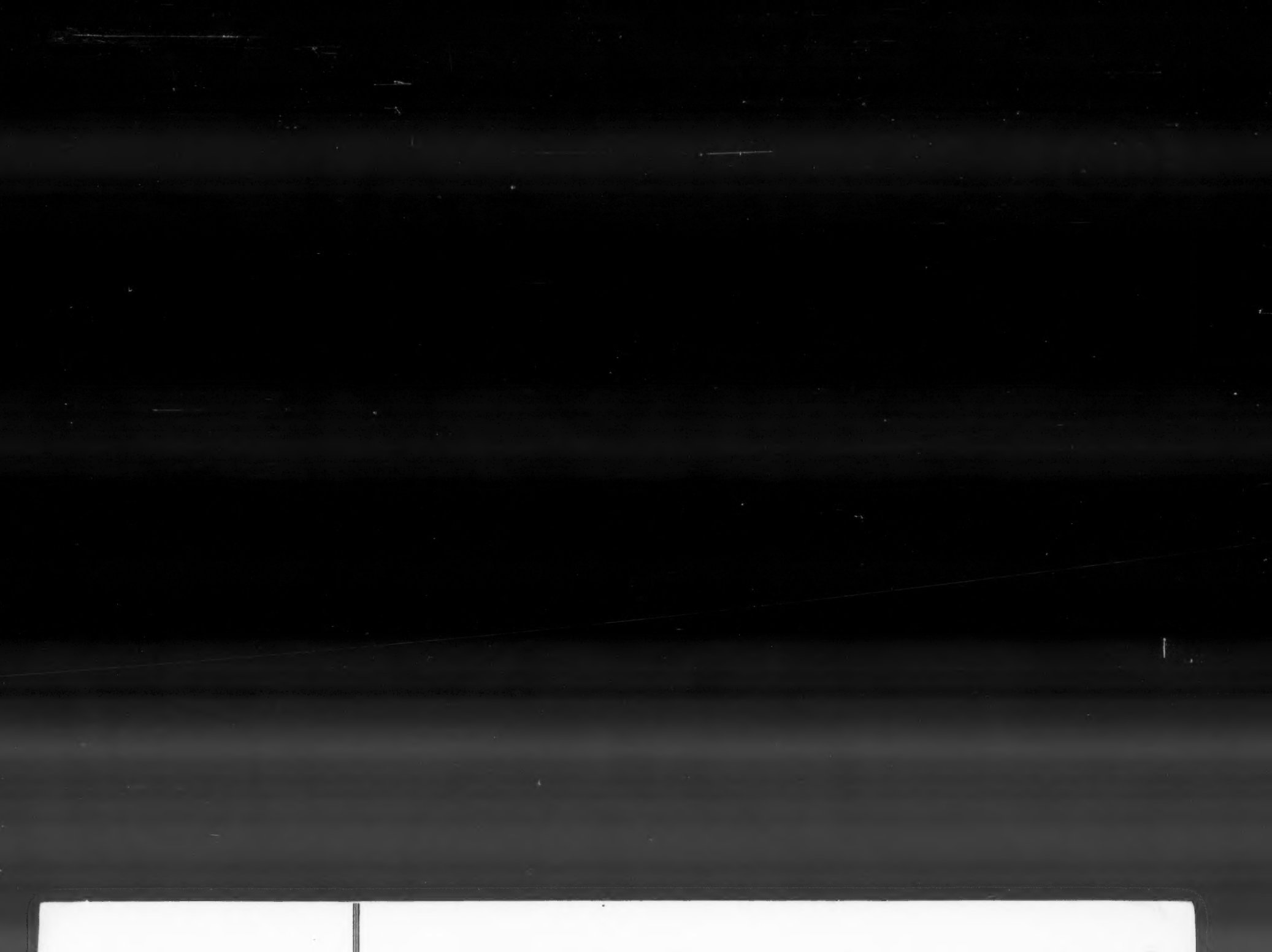
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